

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Petition of SBC for Suspension of Wisconsin Statute
§196.196(1) with Regard to Small Business Customers

6720-TI-173

NOTICE OF PROCEEDING AND PREHEARING CONFERENCE

Prehearing Conference Date:	September 2, 2003 – 10:00 a.m.
Conference Location:	Public Service Commission, 610 North Whitney Way, Madison, WI (Amnicon Falls Hearing Room, 1st Floor)

THIS IS A NOTICE of a proceeding on the petition of Wisconsin Bell, Inc., d/b/a SBC, filed with the Commission on August 2, 2002, under Wis. Stat. § 196.195. SBC requests the suspension of Wis. Stat. §196.196(1) with respect to the price regulation of business customers with one to three access lines. In this petition, SBC alleges that competition has increased in the market for small business customers to the point that it is no longer in the public interest to regulate the rates it charges these customers for basic telecommunication services. A copy of SBC's petition can be found on the Commission's web page at http://www.psc.state.wi.us/telecom/cases/rec_apps/recentap.htm

Currently, SBC's rates for access lines provided to business customers with up to three access lines are capped by a formula tied to the rate of inflation less a productivity offset (currently 3 percent), plus or minus incentives and disincentives related to service quality and infrastructure investment. If SBC's petition is granted, these lines will be treated the same as access lines provided to business customers with more than three access lines, and rates will be subject to only minimal Commission jurisdiction.¹

On October 31, 2002, the Commission considered SBC's petition to suspend Wis. Stat. § 196.196(1) with respect to the price regulation of business customers with 1 to 3 access lines and determined to open a proceeding for further investigation under docket 6720-TI-173.

¹ For example, Ameritech's small business rates would remain subject to the requirement in Wis. Stat. § 196.204(5)(a) that each telecommunications service, relevant group of services and basic network function, be priced to exceed its total service long-run incremental cost.

On March 14, 2003, the Commission issued a notice and request for comments on the following issues:

- 1) whether SBC has adequately justified a change in its rate treatment for small business lines;
- 2) whether it is appropriate to make changes to the price regulation of SBC's basic local services on a market-by-market basis, or if changes should be considered as part of a broader review of price regulation;
- 3) whether this docket should be combined or co-docketed with docket 6720-TI-166² or with a potential five-year review of price regulation;³ and
- 4) any expected impact on small businesses as a result of removing these lines from rate regulation.

Comments were received from SBC, Verizon North Inc., and TDS Metrocom, LLC. SBC and Verizon indicated that suspension of the statutes requested is justified, that changes to its price regulation should be made on a market-by-market basis and not as part of a broader review of price regulation, that the docket should not be combined with any other dockets, and that small businesses would benefit from the increased ability of SBC to compete without restrictions.

TDS Metrocom pointed out that SBC already has the ability to lower prices for its small business customers in order to respond to competitive pressures and that the record is not available to make an assessment of the level of competition in specific geographic areas because the evidence provided by SBC was statewide in nature. TDS Metrocom expressed its concern that in SBC exchanges where competition is very thin, SBC will have the ability to raise rates in order to subsidize customers in markets where it does face competitive pressure. TDS Metrocom did not comment on the other questions.

In light of the investigation and comments received, the Commission determines in its discretion to not address broader issues related to price regulation in this docket and to keep it as a separate docket.

NOTICE IS GIVEN that the Commission will hold a prehearing conference on September 2, 2003, at 10:00 a.m. in the Amnicon Falls Hearing Room at the Public Service Commission Building, 610 North Whitney Way, Madison, Wisconsin, and continuing at times to be set by the presiding Administrative Law Judge. This building is accessible to people in wheelchairs through the Whitney Way first floor (lobby) entrance. Parking for people with

² Docket 6720-TI-166, *Investigation Into an Alternative Regulatory Plan and Other Relief Respecting Service Quality of Wisconsin Bell, Inc., d/b/a SBC*. This docket was opened to consider the impact of price regulation on the quality of the basic local services SBC provides to its end users and whether there are better alternatives for assuring protection of end-user customers.

³ The Commission determined, in its order in docket 05-TI-174, issued June 23, 1999, that "Reviews of the level of price regulation should be completed every five years, if needed, until the transition to competition is complete, except that reviews may occur earlier upon complaint or on the Commission's own motion."

disabilities is available on the south side of the building. Any person with a disability who needs additional accommodations should contact the docket coordinator listed below.

The prehearing conference is being held to: (1) identify persons who will actively participate as full parties; (2) identify issues; (3) determine the date and time for a hearing; (4) specify dates for filing testimony and exhibits; (5) specify requirements regarding discovery as needed, and (6) any other matters that will facilitate the disposition of this proceeding.

Parties will be bound by the designation of issues and the schedule adopted at the prehearing conference. SBC Wisconsin is hereby named a party to the docket. Persons who consider themselves to be potential parties should participate in the prehearing conference. Any person desiring to become a party shall file a request pursuant to Wis. Stat. § 227.44(2m) and Wis. Admin. Code § PSC 2.21 no later than 10 calendar days from the date of this notice. The request shall be addressed to Administrative Law Judge David C. Whitcomb, Public Service Commission of Wisconsin, P.O. Box 7854, Madison, Wisconsin 53707-7854.

This is a Class 1 proceeding as defined in Wis. Stat. § 227.01(3)(a). This proceeding is conducted under the Commission's jurisdiction in Wis. Stat. §§ 196.02, 196.03(6), 196.195(12), 196.219, 196.26, 196.28, 196.37(2), 196.44, 196.50, 196.60, and other provisions of Wis. Stat. chs. 196 and 227 as may be pertinent hereto. The notice of assessment of costs set forth in the Notice and Request for Comments dated March 14, 2003, is hereby re-incorporated herein by reference to apply to this further proceeding.

The Commission does not discriminate on the basis of disability in the provision of programs or services. Any person with a disability who needs accommodations to participate in this proceeding or who needs to obtain this document in a different format should contact the docket coordinator listed below.

Questions regarding this matter may be directed to docket coordinator Duane Wilson at (608) 266-5423.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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